

QUARTERLY REPORT
Guyana Building Equity and Economic Participation (BEEP) Project
January 1996 - March 1996

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The Guyana Building Equity and Economic Participation (BEEP) Project provides 54 Person Months of long-term assistance, 60 person months of local short-term technical assistance, and 50 person months of off-shore short-term technical assistance. The total project allocation is US \$3,682,472, programmed to run through a 27-month period from November, 1995 to February, 1998. The allocation includes \$125,000 in expendable procurement and \$240,000 in non-expendable procurement.

The purpose of the project is to strengthen the business environment in Guyana in order to bring about economic growth with equity. The business environment is defined as the macroeconomic and fiscal policies, and the legal/regulatory/judicial (LRJ) and institutional framework that govern all public and private sector investment activities.

At the end of the project, the following performances targets should be achieved:

- 1 The GOG will have increased capacity to implement economic, financial and other business-related policy and regulatory reforms to produce greater growth with equity;
- 2 The private sector will expand participation of urban and rural poor and exhibit broader-based, inclusive, articulate participation in national and sectoral policy and LRJ formulation and implementation process; and
- 3 Small, micro, and non-traditional enterprises will have increased access to investment opportunities (e.g. increased skills, increased information, increased access to capital).

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Introduction

The following Quarterly Report lists key tasks for each Long-term Advisor in a format consistent with the report requirements as defined in the BEEP Project Scope of Work and the IGI International contract. Task assignments, accomplishments, problems encountered, lessons learned, and solutions implemented are included in table form to facilitate review. Also included is a budget summary for the project with a summation of funds expended to date in each budget line item. Tables are included which show the person months for long-term and short-term technical assistance and training conducted during the reporting period and the amount of each remaining.

Due to a USAID - approved delay in completion of the Project Inception Report, the annual workplan was completed at the end of January 1996. The Inception Report was only formally accepted by the Government of Guyana in late March 1996.

Because of this delayed acceptance, the task assignments in this Quarterly Report are again drawn from the project scope of work in the contract. Beginning with the Quarterly Report for the period April to June 1996, the task assignments will be based on the now approved work plan in the Inception Report.

For the reason mentioned above, no short-term technical assistance, training or procurement was done in the first quarter of 1996 but these activities will commence with effect from April 1996, based on the Inception Report as modified from time to time in consultation with MOF, MTTI and USAID.

Tasks and Accomplishments of Macroeconomic Policy Advisor

TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
A. Report to and take assignments directly from the Minister, or his designate; act as the Minister's advisor; and provide a second opinion to the Minister, as requested, on all subject areas within the Ministry's purview and within the Project's parameters.	<p>a) Participated and contributed to the policy dialogue in the IMF/world Bank/Government of Guyana Policy Framework Paper (PFP). Some of the key areas covered were:</p> <p>(I) <u>Wages/personal emoluments</u>: Reviewed with the Minister an ODA consultant report on wage/salary increases for 1996. In this context, assistance was provided to the Minister to determine the level of wage increases that would be consistent with the 1996 budget projections. Also provided the Minister with background material to negotiate with IMF.</p> <p>(ii) Provided assistance to the Minister to review the assumptions underlying the IMF Balance of Payments, and GDP growth projections. The consistency of these assumptions were essential in setting the monetary and inflation targets for 1996</p> <p>b) Contributed to the policy analysis and drafting of the 1996 Government of Guyana Budget. Contributions included:</p> <p>(I) Developing broader framework for economic policies and programmes over the medium term.</p> <p>(ii) analyzing developments in the economy over the previous year.</p> <p>(iii) Coordinating the drafting of the State Planning Secretariat component of the budget.</p> <p>(iv) Assisting in completing the final draft.</p>	<p>Low capacity for analytical work within the Ministry of Finance (MOF)</p> <p>Absence of a database for macroeconomic policy framework</p>		Development of a macro-economic division at MOF. Training will be essential.

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TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
B. Be assigned to work from the MOF Office of Planning and Policy Development and work progressively with the following divisions: (1) Project Cycle Management and PSIP Divisions,	Assisted the Project Cycle Division to develop the 1996 - 98 Public Sector Investment Program (PSIP) and the analysis for inclusion in the PFP. This consisted of: (I) Liaising with the donor communities to determine their project pipelines over the next three years. (ii) Determine the amount of counter-part funds necessary for project disbursement. (iii) Developing a three year rolling investment program for inclusion in the PFP. (iv) Developing a quarterly investment program for 1996.	Weak database management of the Investment Program	So far, the assistance given in project management to the Government does not seem to be working	Have set up an adhoc database for the PSIP. Long-term plans for sustainability are included in the Inception Report.

Recommended Changes in Scope of Work

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Tasks and Accomplishments of the Business and Enterprise Development Advisor

TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
A. Report to and take assignments directly from the Minister, or his designate; act as the Minister's advisor; and provide a second opinion to the Minister, as requested, on all subjects areas within the Ministry's purview and within the Project's parameters.	<p>Minister Shree-Chan's illness, mentioned in the initial report for Nov/Dec 1995, unfortunately persisted, resulting in his periodic absence from the Ministry throughout the quarter under review. In addition, the Permanent Secretary on special leave since late December, was absent throughout the quarter and tendered his formal resignation in March, without returning to the office.</p> <p>These developments severely inhibited leadership in the Ministry on policy and major operational issues and delayed action on a number of outstanding matters. Specifically,</p> <p>I) Only one senior staff meeting was held in the quarter, in January, with both the Minister and the P. S. absent. Subsequent, planned meetings have been repeatedly cancelled. To be really effective, these meetings need to be held regularly and under the Minister's chairmanship in order to provide authoritative policy guidance, backed by Cabinet endorsement.</p> <p>The acting Deputy P.S. - now acting as P.S. - while sound in terms of Ministry background and administrative oversight, is simply not an adequate substitute for the Minister on policy issues. In addition, these senior staff meetings ought to be attended by the Heads of the three agencies falling within the Ministry's purview, in order to facilitate a truly integrated approach to policy formulation and implementation on matters falling within the Ministry's mandate.</p> <p>Minister Shree-Chan, with whom I have raised these concerns has promised to convene and chair a fully-constituted senior staff meeting of the kind recommended by the Advisor, before the end of April.</p>	<p>Within the Ministry lack of a sense of urgency and a failure to take action.</p>	In the circumstances one needs to raise these matters repeatedly until some clear action is agreed and taken.	To keep pressing for clear decisions and early implementation.

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TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
(A) continued	<p>ii) A Ministry-wide Retreat, also recommended by the Advisor to reexamine the Ministry's mission and to critically review its work plans for 1996, while agreed in principle is yet to be placed on a clear, action-planning basis, with firm dates and an agreed agenda, based on prior staff consultations.</p> <p>This issue is also to be addressed at the senior staff meeting promised for April of 1996.</p> <p>During the Jan - March '96 quarter, the Advisor:-</p> <p>a) contributed to the finalisation of the revised Project Inception Report, which was subsequently accepted by the Government of Guyana and now provides the basis for planning consultancy interventions on an interlinked basis, both to address major operational problems, as well as to build future institutional capacity in the Ministry and also in the private sector and NGO communities.</p> <p>b) attended a two-day tourism workshop, as part of a Ministry team, to become better acquainted with some of this sector's problems and potential.</p> <p>c) held two meetings, one a working lunch, with private sector leaders, to get a first-hand perspective on some of the policy priorities, especially in relation to trade and investment, to inform the future design of short-term consultancy assignments for this constituency, after approval of the Inception Report .</p> <p>d) held periodic meetings with Carter Center personnel to assess progress of work on the national development strategy and to offer verbal insights and suggestions.</p> <p>e) contributed to a BEEP project presentation at the U.S. Embassy, the Advisor's input focusing on the potential of the micro-business sector in Guyana.</p>	<div></div> <p>No real problems encountered.</p>		

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TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
(A) continued	<p>f) assisted Minister Shree-Chan in meetings with private sector representatives in the run-up to the Cartagena Trade Ministerial and Business Forum meetings, which were a part of the on-going Free Trade Area of the Americas (FTAA) process. This process will change later this year or early next year into a formal, hemispheric trade negotiation process.</p> <p>g) attended, on the Ministry's behalf, several inter-Ministerial meetings at the Ministry of Foreign Affairs. Proposed and got acceptance of the concept of regular inter Ministry meetings, at Ministerial as well as technical levels, in order to improve policy coordination and implementation in areas in which Ministerial jurisdiction overlaps. On such area concerns the administration of some duty-free incentives which involve both MTTI as well as the Ministry of finance. The Advisor, in one case pending since early 1995, eventually had to write procedural guidelines relating to tour operators in the tourism industry which were accepted by the Minister of Finance and on the basis of which the long-pending application was approved.</p>	<p>The private sector had either not received the documentation relating to the Cartagena meetings or had received it too late to have studied it properly and formulated an agreed private sector position. In addition, coordination problems persist within the private sector itself.</p> <p>Lack of adequate expertise in the Tourism division at MTTI to prepare credible guidelines for the approval of the Minister of Finance</p>	<p>A better communications system was suggested for distributing key issue papers to the private sector, with enough lead time to permit an informed response, wherever MTTI itself receives the documents in good time.</p> <p>Treated the problem as a training opportunity</p>	<p>Better distribution system accepted and implemented at MTTI. Future BEEP project activity will have to address the issue of better intra private sector coordination.</p> <p>Involved relevant staff at MTTI in the preparation of the guidelines.</p>

TASK ASSIGNMENT	ACCOMPLISHMENTS	PROBLEMS	LESSONS LEARNED	SOLUTIONS
B. Assist the MTTI to increase capacity to administer, improve, and monitor key sectoral economic variables consistent with the overall macroeconomic policy framework.	<p>Work on the national development strategy which will provide the overall macroeconomic policy framework for future assistance continued during the quarter but has not yet been completed.</p> <p>In the interim, at the Minister's request, the Advisor provided in writing:-</p> <p>I) briefing papers on <u>foreign trade</u> and <u>investment promotion</u>, for use by the Minister at a Cabinet Retreat.</p> <p>ii) responses to an IDB survey questionnaire, part of the ongoing FTTA process, on foreign investment issues.</p>	Request came at short notice and much of the background statistical data is not currently available at MTTI	Need to rely in the short-term on the Ministry of Finance, the Statistical Bureau and the Bank of Guyana, for relevant data.	The Beep Project will have to help MTTI in the future to compile relevant data-bases and to train staff to use them for analytical purposes.
C. Assist in putting into place a strategic planning and management system consisting of a nine step process:	Because of the basic decision-making delays within the Ministry cited at (A) above, it was not possible to formally take this process forward during the quarter.	No basic capacity improvement was possible in this period	The need to keep pressing the Ministry to take the basic decisions needed to enable a strategic planning and management system to begin to be implemented.	As stated
D. Develop and implement an action plan to establish the strategic planning and management system including off-site retreats, workshops, task forces, group reviews and other available options depending on effectiveness.	As for "C" above.	. As for "C" above	As for "C" above	As stated

Recommended Changes in Scope of Work

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The revised Inception Report reflects those changes in the Scope of work which are currently relevant

Long Term Advisors

TOTAL PROJECT PERSON MONTHS	TOTAL LONG TERM USED IN QUARTER	TOTAL CUMULATIVE LONG TERM USED	REMAINING LONG TERM IN PROJECT
54 P.M.	6	10	44

Short-Term Technical Assistance: Local

TOTAL PROJECT LOCAL STTA Days and Person Months	TOTAL STTA USED IN QUARTER	TOTAL CUMULATIVE STTA USED	REMAINING STTA IN PROJECT
1300 P.D./ 60 P. M.	0	0	0

Short Term Technical Assistance : Off Shore

TOTAL PROJECT LOCAL STTA Days and Person Months	TOTAL STTA USED IN QUARTER	TOTAL CUMULATIVE STTA USED	REMAINING STTA IN PROJECT
1083 P.D. / 50 P. M.	0	0	0

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Training: In Guyana

TOTAL PROJECT PERSON MONTHS	NUMBER OF PEOPLE TRAINED THIS QUARTER	TOTAL PERSON MONTHS THIS QUARTER	TOTAL CUMULATIVE PERSON MONTHS	REMAINING PERSON MONTHS
150 P.M.	0	0	0	0

Training: U.S. and Third Country

TOTAL PROJECT PERSON MONTHS	NUMBER OF PEOPLE TRAINED THIS QUARTER	TOTAL PERSON MONTHS THIS QUARTER	TOTAL CUMULATIVE PERSON MONTHS	REMAINING PERSON MONTHS
12 P.M.	0	0	0	0

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